

CLAIMS

1. A method for forming a lending instrument, the method comprising the steps of:

(a) selecting a principal to be borrowed;

(b) defining an interest rate;

(c) selecting a loan term;

(d) selecting an initial payment and

(e) calculating a growth rate whereby a stream of payments, as defined by the initial payment, the loan term, and the growth rate, has a present value equal to the borrowed principal, wherein the present value is calculated using the interest rate.

2. The method of claim 1, wherein the stream of payment increases during half or more of the loan term.

3. The method of claim 1, wherein the growth rate is neither a whole number nor a half of a whole number or combinations thereof.

4. The method of claim 1, wherein the growth rate is less than 2% annually.

5. The method of claim 1, wherein the initial payment is greater than or equal to an interest only portion of a fixed rate conventional loan having the same interest rate, principal, and term.

6. The method of claim 1, wherein a comparable fixed rate conventional loan has a reference term and the same interest rate and principal, wherein the initial payment is equal to

payments from the comparable fixed rate conventional loan, and the term of the loan is less than the reference term.

7. The method of claim 1, wherein the loan term is selected so that the stream of payments comprises interest-only portions that sum to be approximately equal to total interest paid with an equivalent fixed rate conventional loan.

8. The method of claim 1 further comprising selecting a buydown amount, wherein the stream of payments is further defined by the buydown.

9. The method of claim 8, wherein the buydown amount is included as an increase to the selected principal.

10. A lending instrument created through a process comprising the steps of:

- (a) selecting a principal to be borrowed;
- (b) defining an interest rate charged for the principal;
- (c) selecting a term;
- (d) selecting an initial payment and
- (e) calculating a growth rate, whereby a stream of payments for the lending instrument, as defined by the initial payment, the loan term, and the growth rate, has a present value equal to the borrowed principal, wherein the present value is calculated using the interest rate.

11. The lending instrument of claim 10, wherein the stream of payments increases during half or more of the loan term.

12. The lending instrument of claim 10, wherein the growth rate is not a whole number or a half of a whole number or combination thereof.

13. The lending instrument of claim 10, wherein the growth rate is less than 2% annually.

14. The lending instrument of claim 10, wherein the initial payment is greater than or equal to an interest only portion of a fixed rate conventional loan having similar interest rate, principal, and term.

15. The lending instrument of claim 10, wherein a comparable fixed rate conventional loan has a reference term and the same interest rate and principal, wherein the initial payment is equal to payments from the comparable fixed rate conventional loan, and term of the loan is less than the reference term.

16. The lending instrument of claim 10, wherein the loan term is selected so that the stream of payments comprises interest-only portions that sum to be approximately equal to total interest paid with an equivalent fixed rate conventional loan.

17. The lending instrument of claim 10, wherein the method used to form the lending instrument further comprises selecting a buydown amount, wherein the stream of payments is further defined by the buydown.

18. The lending instrument of claim 17, wherein the buydown amount is included as an increase to the selected principal.

19. A lending instrument comprising a stream of payment, the stream of payments having a predefined initial payment and subsequent payments comprising the initial payment modified by a predefined growth rate, wherein the growth rate is calculated so the stream of payments has present value equal to a borrowed principal.

20. The lending instrument of claim 19, wherein the growth rate is not a whole number or a half of a whole number or combination thereof.

21. The lending instrument of claim 19, wherein the growth rate is less than 2% annually.

22. The lending instrument of claim 19, wherein a comparable fixed rate conventional loan has a reference term and the same interest rate and principal, wherein the initial payment is equal to payments from the comparable fixed rate conventional loan, and the term of the loan is less than the reference term.

23. The lending instrument of claim 19, wherein the initial payment is greater than or equal to an interest only portion of a comparable fixed rate conventional loan having a similar interest rate, principal, and term.

24. The lending instrument of claim 19, wherein the stream of payments comprises interest-only portions, a sum of the interest-only portions being equal to or less than total interest paid with an equivalent fixed rate conventional loan.

25. The lending instrument of claim 19 further comprising a buydown that is included as an increase in the principal or a decrease in the initial payment.

26. The lending instrument of claim 19, wherein the stream of payments comprises a plurality of fixed last payments.

27. The lending instrument of claim 26, wherein the stream of payments increases during half or more of the loan term.

28. The lending instrument of claim 19, wherein an interest rate used to determine the stream of payments is higher than an interest rate for a comparable fixed rate conventional loan.

29. The method of claim 1, wherein the stream of the payments is defined by the initial payment for a prespecified period of time and subsequent payments comprising the initial payment adjusted one or more times by the growth rate at prespecified intervals during the loan term.

30. The method of claim 29, wherein the calculating of the growth rate comprises selecting a growth rate; and wherein the subsequent payments further comprise one or more secondary adjustments.

31. The method of claim 30, wherein the secondary adjustment comprises a lump sum payment at the end of the loan term, the lump sum payment equal to an outstanding balance reflecting a difference between the stream of the payments and a needed stream of payments that achieves the present value.

32. The method of claim 30, wherein the secondary adjustment comprises a second stream of payment that amortizes an outstanding balance that reflects a difference between the stream of the payments and a needed stream of payments that achieves the present value.

33. The method of claim 30, wherein the selected growth rate is a whole or fraction of a percentage.

34. The method of claim 30, wherein the selected growth rate is a whole or fraction of basis points.

35. The lending instrument of claim 10, wherein the stream of the payments is defined by the initial payment for a prespecified period of time and subsequent payments comprising the initial payment adjusted one or more times by the growth rate at prespecified intervals during the loan term.

36. The lending instrument of claim 35, wherein the calculating of the growth rate comprises selecting a growth rate; and wherein the subsequent payments further comprise one or more secondary adjustments.

37. The lending instrument of claim 36, wherein the secondary adjustment comprises a lump sum payment at the end of the loan term, the lump sum payment equal to an outstanding balance reflecting a difference between the stream of the payments and a needed stream of payments that achieves the present value.

38. The lending instrument of claim 36, wherein the secondary adjustment comprises a second stream of payment that amortizes an outstanding balance that reflects a difference between the stream of the payments and a needed stream of payments that achieves the present value.

39. The lending instrument of claim 36, wherein the selected growth rate is a whole or fraction of a percentage.

40. The lending instrument of claim 36, wherein the selected growth rate is a whole or fraction of basis points.

41. The lending instrument of claim 19, wherein the stream of the payments is defined by the initial payment for a prespecified period of time and subsequent payments comprising the initial payment adjusted one or more times by the growth rate at prespecified intervals during the loan term.

42. The lending instrument of claim 41, wherein the calculating of the growth rate comprises selecting a growth rate; and wherein the subsequent payments further comprise one or more secondary adjustments.

43. The lending instrument of claim 42, wherein the secondary adjustment comprises a lump sum payment at the end of the loan term, the lump sum payment equal to an outstanding balance reflecting a difference between the stream of the payments and a needed stream of payments that achieves the present value.

44. The lending instrument of claim 42, wherein the secondary adjustment comprises a second stream of payment that amortizes an outstanding balance that reflects a difference between the stream of the payments and a needed stream of payments that achieves the present value.

45. The lending instrument of claim 42, wherein the selected growth rate is a whole or fraction of a percentage.

46. The lending instrument of claim 42, wherein the selected growth rate is a whole or fraction of basis points.

47. A computer program embodied on a computer readable medium for calculating a lending instrument, the computer program comprising:

a first code segment that is configured to receive a principal to be borrowed, an interest rate charged for the principal, a term, and an initial payment; and

a second code segment that is configured to calculate a stream of payments for the lending instrument, as defined by the initial payment, the loan term, and a growth rate, the stream of the payments having a present value equal to the borrowed principal, the present value calculated using the interest rate.

48. The computer program of claim 47, wherein the stream of the payments comprises:

the initial payment for a prespecified period of time; and subsequent payments comprising the initial payment adjusted one or more times by the growth rate at prespecified intervals during the loan term.

49. The computer program of claim 48, wherein the first code segment receives the growth rate; and wherein the subsequent payments further comprise one or more secondary adjustments.

50. The computer program of claim 48, wherein the second code section calculates the secondary adjustments, and wherein the secondary adjustment comprises a lump sum payment at the end of the loan term, the lump sum payment equal to an outstanding balance reflecting a difference between the stream of the payments and a needed stream of payments that achieves the present value.

51. The computer program of claim 48, wherein the second code section calculates the secondary adjustments, and wherein the secondary adjustment comprises a second stream of payment that amortizes an outstanding balance that reflects a difference between the stream of the payments and a needed stream of payments that achieves the present value.